

AMENDED IN ASSEMBLY APRIL 19, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1359

Introduced by Assembly Member Chan

February 22, 2005

~~An act to add Sections 1348.5 and 100186 to the Health and Safety Code, and to add Section 12939 to the Insurance Code, relating to An act to add Section 1351.5 to the Health and Safety Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1359, as amended, Chan. Prescription drug plans.

Existing law, the Knox-Keene Health Care Service Plan of 1975, *the willful violation of which is a crime*, provides for the licensure and regulation of health care service plans *and specialized health care service plans* by the Department of Managed Health Care. ~~Existing law also provides for the licensure and regulation of health insurers by the Department of Insurance. Under existing law, the State Department of Health Services is responsible for public health matters and is authorized to adopt regulations regarding those matters.~~

~~This bill would require the Department of Managed Health Care, the Insurance Commissioner, and the State Department of Health Services, acting in conjunction with each other, to form a task force to develop standards for prescription drug plans.~~

This bill would require a sponsor of a prescription drug plan authorized by the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and operated in this state to apply for licensure as a specialized health care service plan.

Because a willful violation of the bill would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 1348.5 is added to the Health and~~
2 ~~Safety Code, to read:~~

3 SECTION 1. Section 1351.5 is added to the Health and Safety
4 Code, to read:

5 1351.5. If a sponsor of a prescription drug plan authorized by
6 the federal Medicare Prescription Drug, Improvement, and
7 Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) elects to
8 operate a Medicare prescription drug plan in this state, the
9 prescription drug plan sponsor shall apply for licensure as a
10 specialized health care service plan. The prescription drug plan
11 shall be subject to the provisions of this chapter and the rules
12 adopted by the director thereunder, unless expressly preempted
13 by federal law.

14 SEC. 2. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the
19 penalty for a crime or infraction, within the meaning of Section
20 17556 of the Government Code, or changes the definition of a
21 crime within the meaning of Section 6 of Article XIII B of the
22 California Constitution.

23 SEC. 3. This act is an urgency statute necessary for the
24 immediate preservation of the public peace, health, or safety

1 *within the meaning of Article IV of the Constitution and shall go*
2 *into immediate effect. The facts constituting the necessity are:*

3 *Due to the specified deadlines for complying with the licensure*
4 *requirements for prescription drug plans imposed by federal law,*
5 *it is necessary that this act take effect immediately.*

6 ~~1348.5. The department in conjunction with the Department~~
7 ~~of Insurance and the State Department of Health Services, shall~~
8 ~~form a task force to develop standards that are consistent with~~
9 ~~federal and state law for licensing prescription drug plans as~~
10 ~~authorized by the federal Medicare Prescription Drug,~~
11 ~~Improvement, and Modernization Act of 2003 (Public Law~~
12 ~~108-173).~~

13 ~~SEC. 2. Section 100186 is added to the Health and Safety~~
14 ~~Code, to read:~~

15 ~~100186. The department in conjunction with the Department~~
16 ~~of Insurance and the Department of Managed Health Care, shall~~
17 ~~form a task force to develop standards that are consistent with~~
18 ~~federal and state law for licensing prescription drug plans as~~
19 ~~authorized by the federal Medicare Prescription Drug,~~
20 ~~Improvement, and Modernization Act of 2003 (Public Law~~
21 ~~108-173).~~

22 ~~SEC. 3. Section 12939 is added to the Insurance Code, to~~
23 ~~read:~~

24 ~~12939. The commissioner in conjunction with the State~~
25 ~~Department of Health Services and the Department of Managed~~
26 ~~Health Care, shall form a task force to develop standards that are~~
27 ~~consistent with federal and state law for licensing prescription~~
28 ~~drug plans as authorized by the federal Medicare Prescription~~
29 ~~Drug, Improvement, and Modernization Act of 2003 (Public Law~~
30 ~~108-173).~~

31 ~~SEC. 4. This act is an urgency statute necessary for the~~
32 ~~immediate preservation of the public peace, health, or safety~~
33 ~~within the meaning of Article IV of the Constitution and shall go~~
34 ~~into immediate effect. The facts constituting the necessity are:~~
35 ~~Due to the specified deadlines for complying with the licensure~~
36 ~~requirements for prescription drug plans imposed by federal law,~~
37 ~~it is necessary that this act take effect immediately.~~